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ABSTRACT

This report brings together projections of student enrollment, educational expenditures, and state revenues. It shows that education expenditures will continue to increase while real revenue will actually decrease. It concludes that, consequently, either the growth of education expenditures must be curtailed or the system for financing education must be changed to provide for more revenue. The report includes some of the cost-keeping options open to the state. These options represent extreme measures meant to show the lengths the state education system would have to go in order to reduce expenditures to the level of projected revenue. (Author)

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ANALYSIS OF PROJECTED ENROLLMENTS, EXPENDITURES AND REVENUES FOR PUBLIC EDUCATION IN FLORIDA 1974-75 THROUGH 1985-86

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I. Overview of Findings

II. Projections of Enrollment and Expenditures

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IV. Alternatives for Increasing Revenues

V. Alternatives for Curtailing Growth in Expenditures

State of Florida
Department of Education
Ralph D. Turlington, Commissioner
July, 1976

EA 010 190

FOREWORD

This paper was prepared by the strategy planning unit in the Department of Education. The purpose of strategy planning is to analyze proposed policies in terms of their future consequences. Such analyses are designed to bring about the adoption of policies which optimize future conditions.

The policies addressed by this paper relate to (1) populations to be served through public education, (2) programs to be supported for those populations and (3) taxing policies for providing revenue to support state services (including education). The analysis assumes a continued implementation of policies currently in effect.

The data presented in this report did not originate with the strategy planning staff. Population data came from the Bureau of Economic and Business Research at the University of Florida, the official source for state population projections. Data on enrollments and expenditures came from the various divisions of the Department of Education. Data on state revenue came from the Office of the State Economist in the Department of Administration. Data on changes in the consumer price index (i.e., inflation rates) came from Chase Econometrics, Inc., an organization which performs economic research for a number of clients in business and government.

The role of the strategy planning staff in this project was to organize the data from the various sources to provide information on the problem under consideration, namely, the relationship between projected educational economic trends in Florida. The fact that this has been accomplished is quite significant. However, the projections in this paper should be considered provisional. The Department of Education is in the process of refining its techniques for projecting enrollments. Also, methods for projecting population, and particularly the membership of subgroups within the total population, is under study. In addition, techniques for projecting revenue are being refined; this includes the projecting of property tax revenues, a revenue source not included in this report. Most importantly, some of the policies which undergird the projections are currently being reviewed. Among these are policies regarding services to specific client groups, such as adults, policies regarding specific programs, such as vocational education, policies regarding financing of education, and policies regarding taxes to support state services.

Even though the projections in this report must be viewed as provisional, the basic finding cannot be ignored. Basic policies for financing education in Florida must be studied. Refinements in the projections in this report will not alter the dilemma which is brought to light.

I. OVERVIEW OF FINDINGS

This report brings together projections of student enrollment, educational expenditures and state revenues. It was prepared because of a suspicion that changing state and national economic trends might have an undesirable impact on the future of public education in Florida.

The analyses reported herein confirm that suspicion. They show that education expenditures in Florida will continue to increase, while real revenue will actually decrease. Consequently, either the growth of education expenditures must be curtailed or the system for financing education must be changed to provide for more revenue.

To illustrate, in 1974-75 education expenditures accounted for about 60 percent of the State General Revenue Fund. If projected trends in education and revenue were to be realized, education would require 74 percent of the State General Revenue in 1980-81 and 86 percent in 1985-86. This is obviously impossible, since education is only one of many public services which draw on the General Revenue Fund.

These figures are presented in Table I.1. The derivation of the data can be reviewed in Chapters 2 and 3 of this report. These chapters are followed with chapters giving alternatives for increasing tax revenues and curtailing growth in education costs.

TABLE I.1
GENERAL REVENUE AND
GENERAL REVENUE EXPENDITURES FOR EDUCATION[1]
(In billions. Projections in constant dollars: 1976=base year)

	1974-75		1980-81		1985-86	
State General Revenue Fund	$2.3	100%	$2.3	100%	$2.2	100%
General revenue expenditures for education	$1.4	60%	$1.7	74%	$1.9	86%
Increase in revenue required to meet education expenditures with 60% of General Revenue Fund			$ .5	22%	$1.0	45%

[1]Does not include Fixed Capital Outlay

Assuming that general revenue expenditures for education were to remain at the present level of 60 percent of the General Revenue Fund, a 22 percent increase in the total General Revenue Fund would be required in 1980-81 and a 45 percent increase in 1985-86. Two general approaches for increasing revenues are discussed in Chapter 4: (1) increasing revenue from existing sources and (2) tapping new sources of tax revenue. Revenue could be increased from existing sources by increasing tax rates, eliminating some of the present "loopholes," and shifting from unit base to dollar base excise taxes. If new tax sources were considered, a state income tax might be the prime candidate.

If education expenditures were to be curtailed so as not to exceed 60 percent of the projected General Revenue Fund, a reduction of 20 percent would be required in 1980-81 and a reduction 31 percent in 1985-86. Three general approaches for curtailing expenses are described in Chapter 5: (1) increasing efficiency in the present programs by teaching the same number of students with fewer teachers or to reduce the number of administrative personnel in proportion to classroom teachers, (2) reducing service through techniques, such as shortening the school year, cutting back on the hours each student spends in school, abolishing certain programs or grades, etc., and (3) using alternative delivery systems, such as instruction by the family, educational technology, or independent study. Table I.2 illustrates a possible combination of actions which could reduce educational expenditures in 1980-81 and 1985-86 to 60 percent of the projected general revenue. These actions, and others, are discussed more extensively in Chapter 5.

TABLE I.2
POSSIBLE COMBINATIONS OF ACTIONS TO
REDUCE PROJECTED EDUCATION EXPENDITURES
TO 60% OF PROJECTED GENERAL REVENUE FUND

Action	Percentage reduction in general revenue expend. for education	
	1980-81	1985-86
Operate schools as half-time programs (one teacher per two classes) for K-3 and 10-12 in 1980-81, and for K-12 in 1985-86	10%	19%
Limit program in the community colleges and SUS to no more than the growth of the adult population with no additional expenditures per student	3%	4%
Require community college and SUS students to pay 50% of program costs in 1980-81 and 53% in 1985-86	7%	8%
TOTAL REDUCTION	20%	31%

It should be recognized that the analyses presented in this report do not constitute recommendations. This report is viewed as an early step in the strategy planning process. It presents alternatives, with optimums to be considered later in the process. This report presents only one recommendation:

> Since educational expenditures are projected to increase without commensurate increases in state revenues, policy changes which will bring the revenues and expenditures into balance should be given serious consideration. Such policy changes could include broadening the tax base to increase available revenues for public services. They could also include support of an intensive effort to acquire or develop alternative instructional delivery techniques which allow greater amounts of education to be provided in the home or at other sites outside the school or university.

II. PROJECTIONS OF ENROLLMENT AND EXPENDITURES

In making projections for public education over a period even as short as ten years, a number of assumptions must be made about both the population growth and program growth. The most realistic projections are not made merely by looking at the past; historic trends are helpful but not definitive.

Below are the assumptions underlying the projections for Florida public education for 1976-86 discussed in this report.

1. The population within the various age-groups (0-5, 5-8, 8-14, 15-17, 18-24, 25-64 and 65 and above) will grow at rates which conform to the population projections made by the Bureau of Economic and Business Research, the University of Florida. These projections show that the public school age-groups (age 5-17) will grow at a somewhat smaller rate than that of the adult population.
2. The K-12 programs will continue to serve all eligible applicants.
3. By 1980 exceptional student programs will serve all eligible students enrolled in public schools. After that year the programs will grow at the same rate as total general public school enrollment.[1]
4. By 1980 all students in grades 7 through 9, except potential dropouts who need direct job-related training, will be involved in prevocational exploratory courses. Consumer home economics programs will be offered to the same proportion of secondary students as they are currently. All secondary students in grades 10-12, and all potential dropouts in grades 7-9, will receive two years of job preparatory training. This will mean that two thirds of the 10-12 enrollment will be served by vocational preparatory programs each year.[2]
5. Post-secondary preparatory vocational programs and supplementary programs will each enroll 6 percent of the labor force. This represents a growth rate slightly larger than the adult population growth.[2]
6. Adult education programs in the district schools, which now receive less than 2 percent of the expenditures for public schools, will double over the next ten years. It will still serve only a small proportion of the adult population.
7. There will be no enrollment caps for post-secondary programs.
8. University parallel programs within the community colleges will grow at a rate of almost twice that of the adult population growth. This means that by 1980 a slightly larger proportion of the adult population will be attending community college.
9. Upper level undergraduate university programs and the medical and agricultural units in the state university will grow at about the same rate as the adult population growth; lower level undergraduate programs and graduate programs will grow at a rate somewhat smaller than the adult population growth.
10. The Department of Education, the School for the Deaf and the Blind, Scholarships and Grants, and other state-level educational programs will grow at the same rate as the other educational programs; that is, they will continue to represent about 1.6 percent of the education expenditures from state general revenue.

[1] Florida State Plan for the Education of Exceptional Students, 1975-76 p. 16.

[2] 1975-76 Florida State Plan for the Administration of Vocational Education under the Vocational Education Amendments of 1968, Part III, pp. 29, 37, 40.

These projections do not take into account two trends--inflation and increases in required local effort. All expenditure projections are made in constant 1976 dollars. In addition, projections of the general revenue contributions to education in 1980-81 and 1985-86 represent the same percentage of total expenditures to education as in 1974-75, the last year complete data are available. This assumes that the balance between funds from general revenue and funds from other sources--both local and federal--will be the same for the projected years as it was for 1974-75.

Not included in this analysis is a projection of funds needed for fixed capital outlay. During the year 1974-75 a portion of the expenditures for capital outlay came from the General Revenue Fund. Capital outlay funds were not appropriated from General Revenue for 1975-76 or 1976-77. This report focuses on the expenditures for education from General Revenue. Therefore, even though it is obvious that funding for facilities is essential if education is to continue to provide for a growing population, facility projections are not included below.

Table II.1 presents expenditures for Florida public education for 1974-75, with a summary projection of needs for 1980-81 and 1985-86. This table indicates that there will be a need for about a 35 percent increase

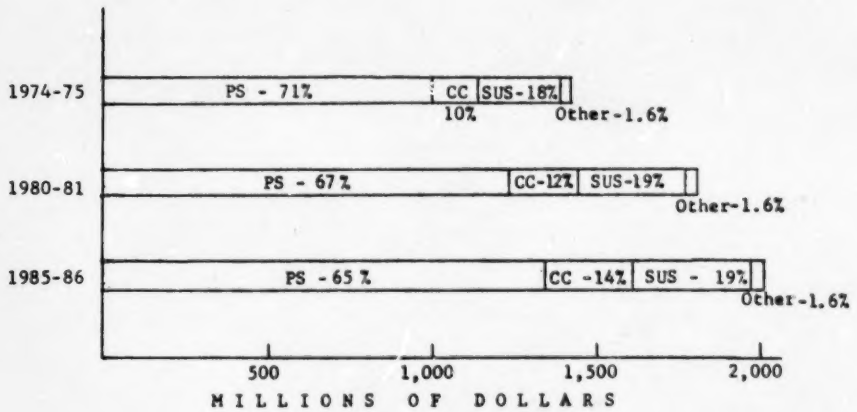
TABLE II.1
EXPENDITURES FOR FLORIDA PUBLIC EDUCATION
1974-75, 1980-81, 1985-86
(In millions. Projections in constant dollars: 1976=base year)

	1974-75	1980-81	% Change 1974-80	1985-86	% Change 1980-85	% Change 1974-85
EXPENDITURES FROM ALL SOURCES						
Public Schools	$1,800.6	$2,063.9	15%	$2,240.9	9%	24%
Community Colleges	197.1	294.5	49	379.3	29	92
State University System	375.1	498.7	33	552.2	11	47
EXPENDITURES FROM GENERAL REVENUE[1]						
Public Schools	$1,005.9	$1,155.8	15%	$1,254.9	9%	25%
Community Colleges	141.0	213.7	52	275.0	29	95
State University System	255.4	327.9	28	362.7	11	42
Other[2]	23.2	27.8	20	30.9	11	33
TOTAL[3]	$1,425.5	$1,725.2	21	$1,923.5	11	35
% OF TOTAL						
Public Schools	70.6%	67.0		65.2		
Community Colleges	9.9	12.4		14.3		
State University System	17.9	19.0		18.9		
Other	1.6	1.6		1.6		
TOTAL	100.0%	100.0%		100.0%		

[1]Does not include Fixed Capital Outlay.
[2]Includes Florida School for the Deaf and Blind, the Department of Education (exclusive of the Division of Universities, budgeted under the State University System), and other state education services.
[3]On this and subsequent tables, some columns may not equal Total due to rounding error.

in state revenue expenditures for education from 1974 to 1986. During this same period the total state population is projected to increase by about 36 percent. As can be determined from Table II.1, and from a different perspective in Table II.2, during 1974-75 some $71 out of every $100 earmarked by the State for education went to support district school systems.

TABLE II.2
FLORIDA PUBLIC EDUCATION
EXPENDITURES FROM GENERAL REVENUE
1974-75, 1980-81, 1985-86
(Projections in constant dollars: 1976-base year)



PS = District Public Schools
CC = Community Colleges
SUS = State University System
Other = Florida School for the Deaf and Blind, the Department of Education, and other state education services.

Over the next ten years other programs--particularly the community colleges--will be growing at a faster rate than the public schools. By 1985-86 public schools will receive about $65 out of every $100 of the total state expenditures to education. Based on population projections and current expenditures about 69 percent of the increase in total expenditures projected for Florida public education programs will result from population increases, some 25 percent from net program growth (serving a larger proportion of the population than in the base year), and about 6 percent from increased expenditures per student within individual programs.

Below are summaries of the projections for specific programs within Florida's three systems of public education.

Public Schools

Just as the public schools require a large proportion of the public's investment in education, so the K-12 basic program requires the bulk of the support given public schools. As shown by Table II.3, during 1974-75 about four-fifths of the expenditures to public schools went for the

TABLE II.3
DISTRICT SCHOOL PROGRAMS
1974-75, 1980-81, 1985-86
(Projections in constant dollars: 1976-base year)

	1974-75	1980-81	% Change 1974-80	1985-86	% Change 1980-85	% Change 1974-85
ENROLLMENT[1] (In thousands)						
K-12 Basic	1,469.1	1,589.7	8%	1,705.8	7%	16%
Exceptional Students	97.1	148.4	53	161.0	8	66
Vocational[2]	749.4	973.6	30	1,123.0	15	50
Adult Education	409.0	653.7	60	801.8	22	96
FTE[1] (In thousands)						
K-12 Basic	1,383.5	1,492.0	8%	1,597.2	7%	15%
Exceptional Students	49.0	75.0	53	81.4	.9	66
Vocational	141.2	187.1	32	214.5	15	52
Adult Education	27.4	44.1	61	54.3	23	98
TOTAL	1,601.1	1,798.2	12	1,947.4	8	21
TOTAL EXPENDITURES[1] (In millions)						
K-12 Basic	$1,448.7	$1,565.3	8%	$1,677.6	7%	16%
Exceptional Students	124.6	190.5	53	206.7	8	66
Vocational Students	203.3	268.7	32	308.0	15	52
Adult Education	24.0	38.9	62	47.9	23	100
TOTAL	$1,800.6	$2,063.4	15	$2,240.2	9	24
% OF TOTAL EXPENDITURES						
K-12 Basic	81%	76%		75%		
Exceptional Students	7	9		9		
Vocational	11	13		14		
Adult Education	1	2		2		
TOTAL	100%	100%		100%		

[1]Source: Vocational projections from the Division of Vocational Education. All other projections from the Division of Public Schools.
[2]Includes area vocational-technical schools.

K-12 basic program. Over the next ten years, with the expansion of the exceptional student and vocational programs, the K-12 basic program will receive proportionately less than it did in 1974. The K-12 basic program already serves all who enroll; therefore, its projected growth is due entirely to population growth. By contrast, nearly three-fifths of the projected growth of the exceptional student and adult education programs over the next ten years, and one half of the growth in vocational programs, are based on expected expansion of service to a larger proportion of the public school population.

Community College Program

The growth in the community colleges has been phenomenal during the past few years. Although the pace has now slackened off, the community colleges continue to be the fastest growing segment of Florida public education. Ten-year projections for programs within the community colleges may be seen in Table II.4. By 1985 expenditures for university

TABLE II.4
COMMUNITY COLLEGE PROGRAMS
1974-75, 1980-81, 1985-86
(Projections in constant dollars: 1976-base year)

	1974-75	1980-81	% Change 1974-80	1985-86	% Change 1980-85	% Change 1974-85
ENROLLMENT[1]						
University Parallel	199,918	275,000	38%	352,000	28%	76%
Occupational	167,949	235,561	40	280,641	19	67
Developmental	38,358	61,800	61	78,116	26	104
Citizenship	88,720	119,111	34	149,418	25	68
FTE[1]						
University Parallel	92,405	126,000	36%	161,000	28%	74%
Occupational	47,518	68,287	44	81,319	19	71
Developmental	12,399	17,250	39	21,800	26	76
Citizenship	3,911	4,756	22	5,975	26	53
TOTAL	153,233	216,293	38	270,000	25	73
TOTAL EXPENDITURES[1,2] (In millions)						
University Parallel	$111.6	$162.7	46%	$216.6	33%	94%
Occupational	67.0	105.9	58	129.9	23	94
Developmental	14.0	20.7	48	26.2	27	87
Citizenship	4.5	5.2	16	6.6	27	47
TOTAL	$197.1	$294.5	49	$379.3	29	92
% OF TOTAL EXPENDITURES						
University Parallel	57%	57%		60%		
Occupational	34	34		32		
Developmental	7	7		7		
Citizenship	2	2		2		
TOTAL	100%	100%		100%		

[1]Source: Occupational projections based on projections from the Division of Vocational Education. All other projections from the Division of Community Colleges. All FTE's are given as three-quarter averages.

[2]Approximately 70% comes from general revenue, 21% from student fees, 6% from federal funds, and 3% from other sources.

parallel courses are projected to be nearly double what they are at present, with expenditures for other programs increasing almost as much. About 48 percent of this increase in expenditures would be necessary to serve a larger adult population, 38 percent would go to pay for the expansion of programs to satisfy the anticipated demand for two-year programs by a larger proportion of the population, and 14 percent would result from an increase in the amount spent per student.

State University System

Projected expenditure to support the State University System are given on Table II.5, including the funds administered by the Board of Regents, those used to support research and services, and those needed to support instruction. Currently, about 37 percent of the SUS general revenue funds go to research and service, and 59 percent to support instruction. This ratio will shift slightly in favor of instruction over the next ten years. Over all, according to these projections by 1985 the State will

TABLE II.5
STATE UNIVERSITY SYSTEM[1]
1974-75, 1980-81, 1985-86
(Projections in constant dollars: 1976=base year)

	1974-75	1980-81	% Change 1974-80	1985-86	% Change 1980-85	% Change 1974-85
EXPENDITURES FROM ALL SOURCES (in millions)						
BOR Administered	$ 11.2	$ 13.2	18%	$ 14.4	9%	28%
Research/Service[2]	160.8	193.8	21	219.0	13	36
Instruction[3]	203.2	291.7	44	318.9	9	57
TOTAL	$375.1	$498.7	33	$552.3	11	47
EXPENDITURES FROM GENERAL REVENUE[4] (In millions)						
BOR Administered	$ 11.2	$ 13.2	18%	$ 14.4	9%	28%
Research/Service	94.1	113.3	20	128.0	13	36
Instruction	150.1	201.4	34	220.4	9	47
TOTAL	$255.4	$327.9	28	$362.7	11	42

[1]Source: Division of Universities
[2]Includes Contracts and Grants
[3]Does not include Auxiliary Enterprises (dormitories, bookstores, etc.)

need to provide about $363 million in today's dollars. This means that for every $10.00 the State now spends to support the State University System, in 1985-86 it will need to spend about $14.20. More than 75 percent of this additional $4.20 will result from population growth, nearly 8 percent from expanded instructional programs, and about 17 percent from higher program costs.

Table II.6 gives the projections for 1980-81 and 1985-86 for university instructional programs, including enrollment, total expenditures, the percentage of expenditures covered by student fees, and the amount which would be needed from general revenue. The largest growth in enrollment is anticipated among upper level undergraduates, which may well increase by half over the next ten years. More than four-fifths of this increase will be tied to growth in population and one-fifth to program expansion, the latter perhaps in part to take care of the influx from the community colleges. Lower level enrollments are projected to increase one-fourth by 1980 and, in contrast to the projections for enrollments in the university parallel program in the community colleges, to level off or even to decline slightly. Graduate enrollments will grow at a rate smaller than the growth in the adult population. The special professional units (health and agricultural centers at the University of Florida and the medical center at the University of South Florida) will increase sharply, but enrollment in these units will still remain at less than four percent of the total university enrollment.

TABLE II.6
STATE UNIVERSITY SYSTEM[1]
INSTRUCTIONAL PROGRAMS
1974-75, 1980-81, 1985-86
(Projections in constant dollars: 1976=base year)

	1974-75	1980-81	% Change 1974-80	1985-86	% Change 1980-85	% Change 1974-85
ENROLLMENT[1]						
Lower Level Undergrad.	25,656	31,109	21%	29,279	-6%	14%
Upper Level Undergrad.[2]	63,299	86,317	36	97,144	13	53
Graduate	15,625	18,575	19	20,191	13	34
Professional Units[3]	3,151	4,724	50	5,113	8	62
FTE[1,4]						
Lower Level Undergrad.	18,271	22,942	26%	22,911	-2%	25%
Upper Level Undergrad.	41,431	56,478	36	62,371	10	51
Graduate	15,377	17,646	15	19,802	12	29
Professional Units	2,436	3,892	60	4,168	7	71
TOTAL	77,515	100,958	30	109,241	8	41
TOTAL EXPENDITURES[1] (In millions)						
Lower Level Undergrad.	$ 29.3	$ 40.5	38%	$ 40.4	-1%	38%
Upper Level Undergrad.	105.5	158.3	50	174.8	10	66
Graduate	55.9	70.6	26	79.2	12	42
Professional Units	12.3	22.3	81	24.4	9	98
TOTAL	$203.2	$291.7	44	$318.9	9	57
STUDENT FEES AS % OF TOTAL EXPENDITURES						
Lower Level Undergrad.	40%	37%		37%		
Upper Level Undergrad.	25	30		30		
Graduate	20	30		30		
Professional Units	30	30		30		
TOTAL	26	31		31		
EXPENDITURES FROM GENERAL REVENUE[1]						
Lower Level Undergrad.	$ 17.7	$ 25.5	44%	$ 25.5	-	44%
Upper Level Undergrad.	79.2	110.8	40	122.4	10%	55
Graduate	44.6	49.4	11	55.5	12	24
Professional Units	8.6	15.6	79	17.1	11	99
TOTAL	$150.1	$201.4	34	$220.4	9	47

[1]Source: Division of Universities.
[2]Includes unclassified students.
[3]Refers to health, medical, and agricultural units.
[4]FTE's are counted by course level, not by level of student. Therefore, ratios between levels for enrollment are not the same as for FTE. All FTE's are given as four-quarter averages.

Roughly 26 percent of the instructional expenditures in the SUS is covered by student fees. Over the next ten years it is projected that this portion will increase to about 31 percent. This increase in proportionate share, however, will still not overbalance the 26 percent increase in 1976 state revenue dollars needed because of higher expenditures per student.

Summary

To recapitulate, these projections show that in the school year 1985-86, public education in Florida will need nearly $500 million (1976 dollars) more in state funds than it received in 1974-75, a 34 percent increase. Some 64 percent of this increase in expenditures will be needed just to keep up with the population growth; almost 26 percent will make it possible for selected programs to serve a larger proportion of the population than they do currently, and about 8 percent will result from real increases in expenditures per student.

III. PROJECTIONS OF TAX REVENUES

The purpose of this portion of the paper is to provide an analysis of revenue trends for the next decade, taking into consideration the developments of the last few years and potential changes in the future particularly in the areas of economic growth and price levels.

Prior Experience with Revenue Projections

A report on revenue trends covering the period 1963-83 was prepared in 1973 by representatives of the Senate Ways and Means Committee, the House Finance and Tax Committee, and the Department of Administration. The projections of revenues provided in the report were primarily based on extrapolations of economic and demographic trends observed for the previous decade, one of the most favorable economic periods in the history of the State. Unfortunately, a few months later an economic recession of a severity not experienced since the 1930's was being felt throughout the nation and its adverse effects were having a disproportionate effect on the State's economy. As a consequence the revenue projections contained in the report became questionable, illustrating the limitations of the methods used and suggesting the need for a revision of the basic assumptions underlying the study.

Assumptions

For the purpose of providing current revenue projections, the following assumptions have been made:

1. The population will grow at rates which conform to the population projections made by the Bureau of Economic and Business Research, the University of Florida. These estimates are considered official for the State and are used for budgetary and other administrative purposes.
2. The rates of inflation will be consistent with the consumer price index (CPI) prepared by Chase Econometric and published in Long-term Macro Economic Forecast, June 1976, for the period 1975-1985. The rate for 1986 was estimated from the inflationary trend of the previous five years.
3. The General Revenue Fund projections will be consistent with those provided by the Department of Administration in September, 1975. Since fiscal years 1975-1976 and 1976-1977 have been revised recently, the projections have been adjusted in order to reflect these changes.
4. The percentage of total revenues divided into general revenue and trust funds for fiscal year 1974-1975 will remain constant for the next ten years. The 1974-1975 proportions were 48 percent for the General Revenue Fund and 52 percent for the Trust Fund.

Revenue Projections

One of the main determinants of future revenues is population. From the information provided in Table III.1, it is clear that the population will continue to grow rapidly, but the rate of growth will be reduced

TABLE III.1
STATE OF FLORIDA
DEMOGRAPHIC AND PRICE DATA: 1975-1986

YEAR	POPULATION (July 1)	% CHANGE	CPI* 1967-100	CPI* 1976=100	CPI* % CHANGE
1976	8,781,700	3.1	171.0	100.0	6.1
1977	9,051,500	3.1	183.5	107.3	7.3
1978	9,351,700	3.3	196.7	115.0	7.2
1979	9,659,600	3.3	206.3	120.5	4.8
1980	9,945,700	3.0	217.0	126.8	5.2
1981	10,219,400	2.8	228.3	133.4	5.2
1982	10,481,700	2.6	240.4	140.5	5.3
1983	10,733,400	2.4	253.7	148.2	5.5
1984	10,985,100	2.3	268.3	156.8	5.8
1985	11,236,800	2.3	283.2	165.6	5.6
1986	11,473,380	2.1	299.1	174.9	5.6

* Consumer Price Index

significantly by 1986. The total increase in population during this period will amount to 2,956,280 new residents, an increase of 34.7 percent over the 1975 population total for the State and four times the estimated average population growth for the rest of the nation over the same period. In-migration from other areas accounts for more than 90 percent of the increase in population and a large proportion of these newcomers will be retired people. Although, the rate of population growth is very high, our tax structure does not provide adequate revenue growth to cover the increase in population; consequently, increases in population tend to reduce real revenues per capita. A corollary is an increase in the demand for the services provided by the government with a reduction in the ability of the government to maintain or improve quality levels in the performance of these services. Table III.2 shows that revenues per capita in nominal terms will increase by 21 percent between 1976 and 1980. However, when revenues per capita are measured in 1976 dollars over the same period there is a decrease of 26.7 percent with average per capita taxes falling from $550 to $403. It is clear from our analysis that these results are contingent upon the projected rate of inflation, population growth, and revenue growth. Different results would be obtained by changing some or all of these variables. It seems, however, that under realistic assumptions the results will indicate that real per capita revenues will be decreasing for the next 10 years.

TABLE III.2
PER CAPITA REVENUE PROJECTIONS: 1975-1986

FISCAL YEAR	REVENUES PER CAPITA	% CHANGE	REVENUES PER CAPITA IN 1976 DOLLARS	% CHANGE
76-77	550	5.6	$550	- .9
77-78	565	2.7	527	-4.2
78-79	587	3.9	510	-3.2
79-80	596	1.5	495	-2.9
80-81	605	1.5	477	-3.6
81-82	615	1.7	461	-3.4
82-83	627	2.0	446	-3.3
83-84	640	2.1	432	-3.1
84-85	653	2.1	416	-3.7
85-86	667	2.1	403	-3.1

Other important determinants of future revenues are tax sources, tax rates and personal income. Both tax sources and rates are assumed to remain constant for the next 10 years due to the fact that changes in these areas are determined exogenously by policy decisions which cannot be predicted with any degree of accuracy. Furthermore, the purpose of this section of the paper is to analyze the future fiscal position of the State based on the present tax structure without addressing issues such as alternatives and/or additional revenue sources. A discussion of these issues will be presented in the next section.

Reliable personal income projections were not available at the time this paper was prepared. However, the effects of changes in personal income on future revenues is reflected in the revenue projections provided by the Department of Administration. A comparison of income and revenue trends could add an important dimension to this analysis, but is not considered essential to the conclusions advanced in this paper.

The revenue projections presented in Table III.3 show an increase in revenues of 54 percent ($2.663 billion) from July, 1976 to June 1986. Based on the assumptions previously made, both the general revenue fund and the trust fund are shown increasing at the same rate ($1.278 and $1.385 billion respectively). An opposite picture emerges when projected revenues for the period are measured in 1975 dollars. In this case, total revenue and consequently the general revenue fund and the trust fund are shown declining by 6.3 percent.

TABLE III.3
REVENUE PROJECTIONS
FISCAL YEARS 1975-76 THROUGH 1985-86
(In millions of dollars)

FISCAL YEAR	CURRENT DOLLARS			% CHANGE FROM PREVIOUS YEAR	CONSTANT 1976 DOLLARS			% CHANGE FROM PREVIOUS YEAR
	GENERAL REVENUE FUND	TRUST FUND	TOTAL REVENUES		GENERAL REVENUE FUND	TRUST FUND	TOTAL REVENUES	
1976-77	2,320	2,513	4,833	8.9	2,320	2,513	4,833	2.3
1977-78	2,455	2,660	5,115	5.8	2,288	2,479	4,767	-1.4
1978-79	2,634	2,854	5,488	7.3	2,290	2,482	4,772	.1
1979-80	2,763	2,993	5,756	4.9	2,293	2,484	4,777	.1
1980-81	2,887	3,128	6,015	4.5	2,277	2,467	4,744	- .7
1981-82	3,017	3,268	6,285	4.5	2,261	2,450	4,711	- .7
1982-83	3,153	3,416	6,569	4.5	2,244	2,431	4,675	- .8
1983-84	3,295	3,570	6,865	4.5	2,223	2,409	4,632	- .9
1984-85	3,443	3,730	7,173	4.5	2,196	2,379	4,575	-1.2
1985-86	3,598	3,898	7,496	4.5	2,173	2,354	4,527	-1.0

From the information provided in the tables it appears clear that the State is entering a period of prolonged fiscal crisis if it attempts to maintain or improve present service levels based on the existing tax structure. It is conceivable that the crisis might be avoided by a vigorous and sustained recovery coupled with a drastic reduction in the rate of inflation; this outcome however appears very unlikely at the present time.

IV. ALTERNATIVES FOR INCREASING REVENUES

The purpose of this section of the paper is to investigate Florida's revenue structure and analyze some of the revenue alternatives which could be considered in order to meet the increasing needs for public services of the State's residents.

The study looks first into the relative shares of total funds contributed by different tax sources. Once the composition of revenues is analyzed, efforts are directed towards determining additional revenues which could be obtained under the present tax structure. Finally, efforts are concentrated in explaining some alternative sources which are not presently contributing to the State's revenue.

The dramatic growth experiences by Florida, particularly in the period 1960 to 1973, propelled the State into a position of national economic prominence. Presently, Florida is one of the largest states in the nation in terms of population; it is ranked ninth in per capita income, third in the value of new construction, and seventh in retail sales. The rapid growth and improvement in the economic areas, however, has not been accompanied by a proportional increase in support for public services. In this category, the State falls below the national average. Part of the explanation for this condition is the low responsiveness of the tax structure to growth in other areas, particularly population and personal income.

Florida remains one of the few states that have not as yet implemented a state personal income tax. It depends very heavily on the general sales tax at the state level and property taxes at the local level. This dependency on sales and property taxes raises not only very serious equity issues, but produces a system which is inadequate in providing for the growing fiscal needs of the state.

Although local property taxes have important implications in state finance, and constitute the most significant local source of revenues, these taxes are only superficially treated since this analysis is particularly concerned with state revenue sources.

Revenues for the state are divided into general revenue funds and trust funds. The general revenue fund constitutes the portion of state revenues which is allocated yearly by the Legislature and accounts for about 50 percent of all revenues received by the state. The trust fund, which accounts for the remaining portion of the revenues consists of receipts which are earmarked for specific purposes, and contains approximately 600 accounts.

A breakdown of the general revenue fund and its tax sources is presented in Table IV.1. From the information contained in the table, it is clear that sales tax collections are the primary source of revenues under this category. Together the three main sources, sales tax collection, beverage tax and licenses, and corporation income tax account for over

TABLE IV.1
GENERAL REVENUE FUND ESTIMATES BY SOURCE: 1975-76
(In Millions of Dollars)

Tax Source	Revised Estimate	Percent
Sales Tax Collections	$ 1,260.0	58.4
Beverage Tax & Licenses	185.0	8.6
Motor Vehicle Licenses	106.5	4.9
Corporation Income Tax	180.4	8.4
Documentary Stamp Tax	73.7	3.4
Cigarette Tax	31.0	1.4
Insurance Premium Tax & Licenses	38.6	1.8
Racing Tax	52.2	2.4
Intangibles Tax	35.0	1.6
Estate Tax	38.8	1.8
Interest	31.4	1.5
Public Safety Licenses & Fees	22.7	1.1
Medical & Hospital Fees	13.8	.6
Auto Title & Lien Fees	7.4	.3
Severance Taxes	27.9	1.3
Hotel & Restaurant Licenses	-0-	
Charter Tax	1.7	.1
Securities Tax	.8	.04
E.D.P. Fees	4.2	.2
Services Charges	21.0	1.0
Other Taxes, Licenses & Fees	23.9	1.16
TOTAL RECEIPTS (Per Comptroller's Report)	$ 2,156.0	100.%
LESS: Refunds for Overpayment of Taxes	(27.2)	
NET REVENUE COLLECTIONS	$ 2,128.8	

SOURCE: Department of Administration
Division of Budget
Economic & Tax Research

75 percent of these funds. As for the Trust Funds, Table IV.2, the three major sources of revenue, motor fuel tax, intergovernmental aid and cigarette taxes account for approximately 70 percent. This concentration of revenues into a small number of sources provides an element of instability to the system, since fluctuations in these major categories have a significant impact on total revenues.

TABLE IV. 2
TRUST FUND BY SOURCE: 1974-75
(In Thousands of Dollars)

Tax Source		1975-76[1]	Percent
Motor Fuel Tax	$	362,518	16.0
Cigarette Tax		147,291	6.5
Motor Vehicle Licenses		71,567	3.2
Interest		123,443	5.5
Racing Tax		33,214	1.5
Intangible Tax		44,047	1.9
Unemployment Comp. Tax		83,878	3.7
Insurance Premium Tax		9,918	.4
Utilities Tax		45,315	2.0
Citrus Taxes		23,738	1.0
General Inspection Fees		18,245	.8
Documentary Stamp Surtax		10,361	.5
Beverage Licenses		5,761	.3
Hunting and Fishing Licenses		5,545	.2
P & O Licensing Fees		7,501	.3
Workmen's Compensation Tax		11,270	.5
Motorboat Licenses		3,506	.2
Auto Road Tax		1,621	.1
Oil & Gas Production Tax		3,734	.2
Solid Minerals Sever Tax		4,728	.2
Intergovernmental Aid		1,061,389	47.0
Miscellaneous Sources		179,304	8.0
TOTAL		2,257,894	100%
SERVICE CHARGES		(19,055)	
NET REVENUE COLLECTIONS		2,238,839	

[1]SOURCE: Florida Senate Ways and Means Committee, The Florida Legislator's Tax Handbook 1976 (Tallahassee, Florida, March 1976) p 22.

When all revenue sources are combined, Table IV.3, the five major sources contribute approximately 75 percent of the state revenues generated by "own sources."

TABLE IV.3

TOTAL REVENUE IN ALL FUNDS BY TYPE AND PRINCIPAL SOURCE, 1970-71 to 1974-75
(Millions of Dollars)

	1970-71		1971-72		1972-73		1973-74		1974-75	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
From Own Sources:										
Sales Tax	$ 715.2	37.6%	$ 875.8	36.9%	$1,041.1	36.7%	$1,196.6	37.2%	$1,199.5	36.8%
Motor Fuel Tax	246.8	13.0	306.9	12.9	348.7	12.3	357.6	11.1	362.5	11.1
Corporation Income Tax	-	-	27.9	1.1	147.7	5.2	188.8	5.9	180.3	5.5
Cigarette Tax	122.1	6.4	148.3	6.2	170.1	6.0	174.2	5.4	176.9	5.4
Motor Vehicle Licenses	119.8	6.3	133.6	5.6	150.0	5.3	167.4	5.2	176.6	5.4
Beverage Tax	128.1	6.7	139.3	5.9	155.1	5.5	168.9	5.3	172.8	5.3
All Other	571.5	30.0	744.7	31.4	824.7	29.0	961.0	29.9	995.9	30.5
Total - Own Sources	1,903.5	100.0%	2,374.5	100.0%	2,837.4	100.0%	3,214.5	100.0%	3,264.5	100.0%
From Grants & Aids:										
Federal Aid	505.8	95.3%	626.9	95.7%	757.3	95.9%	757.4	94.6%	1,009.5	95.1%
Local Aid	13.4	2.5	15.9	2.4	17.9	2.3	19.1	2.3	23.9	2.3
Other	11.6	2.2	12.6	1.9	14.7	1.8	24.5	3.1	28.0	2.6
Total - Grants & Aids	530.8	100.0%	655.4	100.0%	789.9	100.0%	801.0	100.0%	1,061.4	100.0%
Total Direct Revenue	2,434.3		3,029.9		3,627.3		4,015.5		4,325.9	
Summary										
From Own Sources	1,903.5	78.2%	2,374.5	78.4%	2,837.4	78.2%	3,214.5	80.0%	3,264.5	75.5%
From Grants & Aids	530.8	21.8	655.4	21.6	789.9	21.8	801.0	20.0	1,061.4	24.5
Total Direct Revenue	2,434.3	100.0%	3,029.9	100.0%	3,627.3	100.0%	4,015.5	100.0%	4,325.9	100.0%

SOURCE: Florida Senate Ways and Means Committee, The Florida Legislator's Tax Handbook 1976 (Tallahassee, Florida, March 1976) p.22.

Increasing Revenue from Existing Sources

In trying to determine alternative revenue sources for the State, it seems logical to start by looking at the possibility of obtaining larger revenues from existing sources by increasing the tax rates, eliminating some of the present "loopholes" or exemptions and shifting from unit-based to dollar-based excise taxes. Table IV.4 shows additional revenues which could be obtained by applying these strategies to the six major sources of state revenue. These sources presently account for 70 percent of all revenues. The information contained in this table has been estimated by members of the House Committee on Finance and Taxation and is based on revenue collections for the fiscal year 74-75. In the case

TABLE IV.4
ADDITIONAL REVENUES FROM SELECTED SOURCES
BASED ON 1974-75 LEVELS
(In millions of dollars)

SUMMARY OF PROPOSALS

Revenue Alternatives	Additional Annual Revenues
Beverage Tax	
a. Increase tax rates for all beverages	$ 19.6
b. Remove Federal beer sales exemption	2.9
c. Combination of above	22.5
Cigarette Tax	
a. One cent increase	$ 9.8
b. Two cent increase	19.7
c. Three cent increase	29.6
Corporate Income Tax	
a. Every one percent increase equals	$ 36.1
Motor and Special Fuel Tax	
a. One cent increase	$ 45.3
b. Two cent increase	90.6
c. Tax non-propulsion special fuel purchases--every penny levied equals	29.4
Motor Vehicles	
a. Increase all tax rates	$ 20.5
Sales Tax	
a. Tax professional services	$100.0
b. Repeal dealer collection allowance	38.8
c. Reduce dealer collection allowance	12 - 18
d. Personal purchases--use tax--dealer collection allowance	2.0
e. Tax motor and special fuel	88.5
f. One cent increase	328.1

SOURCE: House Committee on Finance and Taxation

of beverage taxes, the proposed increase of tax rates for all beverages would amount to approximately an 11 percent increase over the existing rates. For motor vehicles, the increase of tax rates would amount to approximately 10 percent over the existing level.

The strategies for increasing tax rates presented in Table IV.4 extend the existing system of relying heavily on taxes which are considered to weigh more heavily on lower income groups. In addition, this does not reduce the rising burden of real property taxes or provide a responsive mechanism to capture population and income growth. The strategy of removing the exemption of professional services, however, is considered both to improve equity and make sales taxes more responsive to income growth. There is little justification for providing exemptions of personal services from the sales tax. It can be assumed that taxing personal services will not aggrevate the distributive effects of the sales tax and, on the other hand, will substantially increase revenues.

Strategies which would convert certain taxes from unit-based taxes to dollar-value based taxes are considered desirable, since these types of taxes would help in dealing with the problem of the erosion of revenues in periods of inflation.

New Sources for Tax Revenue

An additional alternative that may be considered by the State in raising revenues is the implementation of a tax on personal income. This type of tax would not only improve the revenue response to economic growth but under certain conditions it may also add an element of equity to our present predominantly regressive tax structure.

The Advisory Commission on Inter-Governmental Relations has indicated that an ideal state tax system should employ personal income tax for about 25 percent of its tax revenue. The simplest way of levying such a state personal income tax would be to tax income by a flat-rate state surcharge on the federal personal income tax paid by Floridians. At the present time a 5 percent rate is estimated to increase revenues by approximately $250,000,000.

A problem associated with a flat rate state income tax surcharge on federal income taxes is the fact that deductions for state taxes in the federal personal income tax laws will make these taxes regressive. For example, for individuals presently paying federal income taxes at the 50 percent bracket, the net cost of $1.00 for state income tax would be $.50, whereas individuals with lower incomes in the 25 percent federal income tax bracket would pay a net tax of $.75. A way to solve this problem is to implement a graduated rate structure.

An additional problem associated with the adoption of a personal income tax is the fact that although revenues would be increased from this source, the income will come partially at the expense of the few progressive tax sources presently in the structure: the intangible personal property tax and the estate tax. The adoption of a personal income tax would force the repeal of the estate tax and portions of the intangible tax.

Additional sources of revenue for the state are, of course, lotteries and casinos. Reliable information on potential revenues from these sources was not available. It is however conceivable that state revenues could be increased by the legalization and taxation of these activities. There is, however, the issue of the social costs that these activities would impose.

The analysis provided in this section on alternative revenue sources for the state has by no means been exhaustive. There are many areas of taxation which need to be contemplated, particularly the structure of local taxes on real property. It is hoped that the materials contained in the sections on revenue trends and revenue alternatives point out some important issues for consideration of those concerned with planning in the area of public services.

V. ALTERNATIVES FOR CURTAILING GROWTH IN EXPENDITURES

Many people view schooling through the eyes of the past. They would like to think of it as simple and direct, akin to what President James A. Garfield once said when he described the ideal college as "Mark Hopkins on one end of a log and a student on the other." Mark Hopkins, president of tiny Williams College from 1836 to 1872, has through the years been a symbol for the one-to-one teacher-student relationship that comes to many people's minds when they think about education. Even though schooling involves humans reacting with other humans, it is at the same time complex, large-scaled, and expensive. In other words, it is big business. To put yesterday's ideal school in today's terms, where would the Florida economy be if it took each of its quarter of a million public school, college, and university students and tried to put a teacher at the end of each log?

As with other businesses, when potential expenditures appear to be greater than potential receipts, public education must think of curtailing costs. This section outlines some of the cost-cutting options open to the state. Three qualifications need to be kept in mind. First, most of the options explored represent extreme measures. They are meant to show the lengths state education would have to go to reduce expenditures to the level of projected revenue. As such, what follows should not be taken as recommendations.

Second, these options take into account only economic considerations, with no thought of such possible affects as reduced learning outcomes or reduced service to the community. Were any of them to be contemplated seriously, a careful study, involving perhaps small pilot projects, would be warranted to make sure that negative affects did not outweigh positive. One issue which Florida citizens would need to deal with would be whether they were willing for the schools to focus only on certain basic learnings without, in addition, serving as a primary means of the custodial care of children and the means by which adolescents and young adults are kept out of the labor market.

Third, any savings realized could be used to lower expenditures at the local level, at the state level, and, for post-secondary programs, at the individual level, or any combination of these three. The dicusssion that follows relates all savings to state revenue expenditures for education, assuming that other sources will be the same as they would have been if the savings not been realized. In addition all expenditures, including savings, are in 1976 dollars, with no allowance for inflation.

Curtailing Growth in Expenditures in the District School Systems

Seventy-one percent of the State expenditures for education is made to support the district school programs. The massiveness of the program--the number of students and teachers and the amount of money involved--makes exploring alternatives for reducing costs in the public schools crucial to any attempt to reduce state expenditures in general.

Reducing expenditures for public schools can be made in three general ways: by increasing efficiency in the present program, by reducing service, or by using alternate delivery systems. Examples of increasing

efficiency would be to teach the same number of students with fewer teachers or to reduce the number of administrative personnel in proportion to classroom teachers. Shortening the school year, cutting back on the hours each student spends in school, abolishing certain programs or grades, and limiting state funding for non-basic, high cost programs, are all examples of reducing offerings. The sections that follow discuss most of these examples and give comparative cost information for 1980-81 and 1985-86. Following this discussion is a list of suggestions for using alternate delivery systems.

Increase Class Size.--During 1974-75 the average classroom student load was 24.6 for grades K-3, 26.0 for grades 4-10, and 22.9 for grades 11-12. Table V.1 gives the savings that would be gained by increasing this class size by one or two students at each grade level. It shows, for example, that nearly $27 million would be saved in 1980-81 if the class size at all levels of the K-12 basic program were increased by one, and nearly $52 million if the class size were increased by two. This would represent a savings to the State in 1985 of about $29 million and $56 million, respectively, or from one to three percent of the general revenue contribution to education.

TABLE V.1
DISTRICT SCHOOLS
COST SAVINGS POSSIBLE IF CLASS SIZES
WERE INCREASED WITHIN THE BASIC PROGRAMS[1]
(In billions. Projections in constant dollars: 1976=base year)

Alternative	1980-81	1985-86	Alternative	1980-81	1985-86
With ONE more student per class			With TWO more students per class		
K-3	$ 7.6	$ 8.3	K-3	$ 14.7	$ 15.9
4-9	12.0	12.3	4-9	23.1	23.6
10-12	7.2	7.9	10-12	13.8	16.0
TOTAL	26.8	28.5	TOTAL	51.6	55.5
Total General Revenue Needed for Education	$1,715.3	$1,909.0	Total General Revenue Needed for Education	$1,715.3	$1,909.0
Percentage Savings Possible	1.6%	1.5%	Percentage savings possible	3.0%	2.9%

[1] Basic programs include all courses exclusive of those in the exceptional student and vocational programs.

Comments: Increasing class size is a complex undertaking. If the State contemplates using the means to cut costs, the following considerations should be kept in mind:

1. The general public often thinks of small classes as synonomous with quality education. However, research gives no such assurance that smaller classes mean better results.

2. An "average" indicates that some classes are already larger than the stated ratio; some smaller classes are small simply because of population density within the district or school area. Mandating larger classes without some creative effort could mean that classes that are already very large become even larger, and small classes remain the same size.
3. The average of 22.9 for grades 11-12 is deceptive. Actually, basic subjects such as language arts and social studies have averages that are closer to 30. It is the offering of many electives and upper-level courses that make this average so low. Greatly limiting the electives offered could alter the character of the high school in all but schools with very large enrollments.

Ways of Achieving:

1. Maintain large class-teacher ratios; hire aides to make more individualization possible, and utilize volunteer adults.
2. Combine large and small group instruction by means of team-taught courses.
3. At the secondary level, offer only those courses with a certain minimum registration, a minimum much higher than used currently. Problem: wide-ranging electives would be available only in large high schools.
4. Combine small classes across subjects or grades. Examples: combining grade 4 and 5, or typing I and II.
5. At the secondary level in larger districts, designate different schools as centers in different subject areas. Problems: (1) the center-concept would require transporting students; (2) the "typing" of certain schools as academic, vocational, terminal, etc., may not be desirable; (3) smaller districts would not be able to put this into effect.

Half-Time Schedules.--Except for kindergarten, school has traditionally been regarded as a full-time activity. Despite this long-standing practice, one option open to education if cutting costs is to be the main consideration would be for the time each student spends in school to be cut back drastically. Table V.2 gives the savings in teachers' salaries that could be realized from half-time schedules for all students. "Half-time" could mean half-day or a schedule whereby students attended school on alternate days, weeks, months, or semesters. Regardless of the attendance pattern, teachers would be employed full time.

If half-time schedules were adopted for all K-12 students, while at the same time maintaining current class-size ratios, the state would need approximately 3,500 fewer classroom teachers than projected for 1985-86, resulting in a savings of about $367 million (1976 dollars) in salaries alone. The $367 million savings represents nearly 20 percent of the state general revenue needed for education. There could be additional savings realized in other areas, such as salaries of other personnel, materials and supplies, school construction, and perhaps the lunch

TABLE V.2
DISTRICT SCHOOLS
COST SAVINGS POSSIBLE IN TEACHERS' SALARIES
IF SCHOOLS CHANGE TO HALF-TIME PROGRAMS[1]
(In millions. Constant dollars: 1976-base year)

Grade	1980-81	1985-86
K[2]	$ 13.2	$ 14.2
1	26.0	27.9
2	25.5	27.4
3	26.7	28.6
4	26.7	28.7
5	28.7	30.8
6	28.6	30.7
7	29.5	31.7
8	30.0	32.1
9	30.2	32.4
10	28.3	30.4
11	27.7	29.7
12	21.1	22.6
TOTAL	$342.3	$367.2
Total General Revenue Needed for Education	$1,715.3	$1,909.0
Percentage Savings Possible	20%	19%

[1]All K-12 programs, including exceptional.
[2]Some 25% of the kindergarten programs are currently half-day. The above amounts represent what the district would save if the remaining 75% of the programs were to go to half-day sessions.

program. These other savings are not included in Table V.2. At the same time, some of the savings might have to be used for additional remediation.

An alternative would be to put only certain grades on half sessions. Assigning all kindergarteners and first graders to half time would save $42 million. Half-time sessions for grades 10 through 12 would save nearly $83 million.

Comments: A half-time schedule would mean that some things now regarded as important to the educational program might have to be left out of the curriculum. Unless drastic changes were made in instructional methods, such as expecting a large amount of practice of new material to be done outside of school hours, schools would probably have to limit the curriculum to basic skills and certain general education subjects regarded as essential. A half-time schedule would also mean that more responsibility would have to be assumed by parents and the community in supervising and providing worthwhile activities for students who today spend most of their time in school.

Shorten School Year.--Florida schools by law are in session a minimum of 180 days, a period slightly longer than the 179.2 national average. Averages for the fifty states range from Alaska's 170.3 to Illinois' 182.1. California and Oregon both have a school year of 177 days. There is no reason to believe that, if Florida adopted a slightly shorter school year, students would learn significantly less, especially since many of them study in unairconditioned classrooms, even in the heat of June and September. Table V.3 shows that for each day the school year were shortened, Florida would save about 0.3 percent of its state expenditures for education. If, for instance, the 1985-86 school year were shortened by one day, the state could save about $6 million; if four days, $24 million; and if ten days $60 million, or about 3 percent of the educational expenditures needed that year from general revenue. These savings are computed from what could be saved from salaries paid to personnel employed for the school year only. Although schools could also save money spent for operations and for materials and supplies, the bulk of the potential savings would come from a reduction in salaries.

TABLE V.3
DISTRICT SCHOOLS
COST SAVINGS POSSIBLE IF
SCHOOL YEAR WERE SHORTENED
(In millions. Projections in constant dollars: 1976=base year)

Shorten year by	1980-81	1985-86
ONE DAY	$ 5.5	$ 6.0
Total general revenue needed for education	$1,715.3	$1,909.0
Percentage savings possible	.3%	.3%
FOUR DAYS	$22.0	$24.0
Total general revenue needed for education	$1,715.3	$1,909.0
Percentage savings possible	1.3%	1.3%
TEN DAYS	$50.5	$60.0
Total general revenue needed for education	$1,715.3	$1.909.0
Percentage savings possible	2.9%	3.1%

Abolish Kindergarten and/or Twelfth Grade.--If the financial crisis pictured throughout this paper proves true, Florida's citizens may conclude that thirteen years of fully-supported public education is a luxury the state can no longer afford. Table V.4 shows what the state could save if kindergarten and twelfth grades were eliminated with local effort kept the same. In 1985-86 some $38 million (2 percent of the money needed for education from state revenue) would be saved if there were no state-supported kindergartens in Florida, and $52 million (2.7 percent) if public school ended at the end of the eleventh grade. If both were eliminated, the state could avoid spending some $90 million.

TABLE V.4
DISTRICT SCHOOLS
COST SAVINGS POSSIBLE IF
KINDERGARTEN AND TWELFTH GRADE
WERE ABOLISHED
(In millions. Projections in constant dollars: 1976=base year)

Alternative	1980-81	1985-86
KINDERGARTEN		
Savings to State[1]	$ 35.9	$ 38.4
Total general revenue needed for education	$1,715.3	$1,909.0
Percentage savings possible	2.1%	2.0%
TWELFTH GRADE		
Savings to State[1]	$ 47.1	$ 51.7
Total general revenue needed for education	$1,715.3	$1,909.0
Percentage Savings possible	2.7%	2.7%

[1]Includes costs associated with teachers' salaries, and materials and supplies only.

Limit Funding of Non-Basic Programs.--Three-quarters of the additional expenditures for public schools needed for the school year 1985-86 is projected to cover the costs of educating a larger school-age population. The remaining quarter, however, will result mainly from expanding the exceptional student, vocational, and adult education programs so they can serve a larger proportion of the population. Table V.5 shows the expenditures that could be avoided by keeping these programs as they are, that is, by limiting special state funding of these programs to the same ratio to the basic K-12 program as they were in 1974-75. If funding for all three programs were kept at present levels (allowing for growth proportionate to that of the basic K-12 program), the state could save over $173 million in 1985-86; if only the exceptional student program were expanded, the state could save about $110 million; and if both the exceptional and adult programs were permitted to grow as projected, the state would save about $90 million.

Comments: Two of these programs--vocational and exceptional student--are strongly influenced by federal legislation. For instance, states are currently being required to extend their programs to cover exceptional students over a wider age span (preschool through age 21) and to those not formerly eligible, such as the profoundly retarded. This would mean that any attempt to limit the programs might well run afoul of federal legislation. On the other hand, if all three of these programs--exceptional, vocational, and adult--are permitted to grow as projected, and all funding sources remain as they were in 1974-75, by 1985-86 expenditures for the basic K-12 program will have to be 16 percent less in real dollars than it was in 1974-75, even though the school-age population is projected to be 27 percent larger.

TABLE V.5
DISTRICT SCHOOLS
COST SAVINGS POSSIBLE IF
FUNDING FOR NON-BASIC PROGRAMS IS LIMITED
TO SAME RATIO TO BASIC AS IN 1974-75
(In millions constant dollars: 1976-base year)

Programs	1980-81	1985-86
EXCEPTIONAL STUDENTS		
Savings to State	$ 56.3	$ 63.3
Total general revenue needed for education	$1,715.3	$1,909.0
Percentage savings possible	3.3%	3.3%
ADULT EDUCATION		
Savings to State	$ 13.0	20.3
Total general revenue needed for education	$1,715.3	$1,909.0
Percentage savings possible	.8%	1.1%
VOCATIONAL EDUCATION		
Savings to State	$ 64.5	$ 89.7
Total general revenue needed for education	$1,715.3	$1,909.0
Percentage savings possible	3.8%	4.7%
TOTAL		
Savings to State	$133.8	$173.3
Total general revenue needed for education	$1,715.3	$1,909.0
Percentage savings possible	7.8%	9.1%

Use Alternate Delivery Systems. The traditional picture of education is that of a teacher standing before a classroom of 30 or fewer students, using the chalkboard and the textbook as the chief tools for teaching a predetermined lesson. This may be neither the best nor the most economical way to teach or to learn. Below are some alternate means Florida could use to help citizens achieve predetermined education goals.

1. Combine reduced schedules in the public schools with the use of other community resources, such as the public library, and the use of modern technology, such as educational television, the computer, and individual teaching-learning modules.
2. Do away with attendance requirements and set up a series of exams at different levels which would certify that those who had passed them had mastered the basics, mastered certain subject areas or mastered certain skills. In connection with these, districts would provide non-required classes, either open to all who attended or open only to the disadvantaged. Incentives to master certain skills could be provided by making procuring a social security card, getting a job, receiving a driver's or marriage license, or registering to vote, contingent on passing certain of these exams.

3. Transfer some or all vocational programs to employers and/or fee-charging institutions (private or fee-charging public).
4. Transfer the responsibility for basic minimum skill training to the family, just as they now assume responsibility for teaching the spoken language and self help skills. After certain minimum skills have been mastered, students could enter public schools for more complex learnings. Probably special schools would have to be established for children who qualified under certain socioeconomic criteria.
5. Conversely, have the public schools responsible for teaching only the basic skills. All other learnings would be the responsibility of the family, the community, employers, and/or fee-charging institutions. Scholarships would be needed to provide for a limited number of students who were motivated to go beyond the basics but could not afford to do so.

Curtailing Growth in Expenditures in the Community Colleges and State Universities

While the size of the public colleges and university programs is small when compared to the public school program, there is also less agreement on how many students these programs should serve. Cost information on two alternatives for reducing expenditures--limiting enrollment and increasing student fees--is given below. Following the discussion of these two alternatives other suggestions are listed, but without cost information.

Limit Enrollment.--In the projections presented in section two, almost 29 percent of the additional expenditures for Florida higher education needed for 1985-86 would provide for the expansion of certain college-level programs, enabling them to serve a higher proportion of the population. An additional 15 percent would give programs more money per student. Table V.6 indicates what the state would save if community college and state university enrollments were capped at the 1975-76 level, or were permitted to grow at no more than the growth rate of the adult population. Nearly $200 million would be saved to the state if enrollments in both systems were limited to the 1975-76 level, without the projected additional cost per student. This amount represents almost one-tenth of the expenditures for education needed from state revenue in 1985-86. If higher education programs in Florida were permitted to grow at the same rate as the adult population, the state would save $41.5 million at the projected expenditure per student, and $82.5 million at the 1974-75 rate. These savings represent some two and four percent, respectively, of the projected amount needed from state revenues.

Comments: If enrollments are capped at the 1975-76 level, this would mean that a small proportion of the population would be attending college than at present. The state would need to come up with acceptable policies for determining which students would be denied admission. If the present trend continues toward making education through the community college level the norm, even limiting growth to that of the adult population would mean denying admission to many individuals.

TABLE V.6
COMMUNITY COLLEGES AND STATE UNIVERSITIES
COST SAVINGS POSSIBLE IF ENROLLMENTS
WERE LIMITED
(In millions. Constant dollars: 1976=base year)

Alternatives	1980-81	1985-86
KEEPING PROGRAMS AT 1975-76 LEVELS, WITH NO ADDITIONAL EXPENDITURES PER STUDENT		
Savings to State		
Community Colleges	$ 72.3	$140.8
State Universities	36.9	56.0
TOTAL	$109.2	$196.8
Total general revenue needed for education	$1,715.3	$1,909.0
Percentage savings possible	6.4%	10.3%
LIMITING PROGRAM GROWTH TO A RATE NO HIGHER THAN THE GROWTH OF THE ADULT POPULATION-- --AT PROJECTED FTE RATES		
Savings to State		
Community Colleges	$ 19.5	$ 36.0
State Universities	12.4	5.5
TOTAL	$ 31.9	$ 41.5
Total general revenue needed for education	$1,715.3	$1,909.0
Percentage savings possible	1.9%	2.2%
--AT 1974-75 FTE RATES		
Savings to State		
Community Colleges	$ 32.3	$ 66.1
State Universities	20.1	16.4
TOTAL	$ 52.4	$ 82.5
Total general revenue needed for education	$1,715.3	$1,909.0
Percentage savings possible	3.1%	4.3%

[1]The expenditures saved include only the portion from state revenues, not those from student fees.

Increase Student Contribution to Expenses.--On the average, the Florida community colleges charge fees that absorb slightly more than one-fifth of the total cost of operating. State university students finance about one fourth of the cost of the instructional programs. How much would the state save if students paid a greater proportion of their college expenses? Table V.7 shows that the state could save almost 9 percent ($172.5 million) of its budget for education if student fees covered one half of their expenses, and 17 percent ($343 million) if they paid three quarters.

TABLE V.7
COMMUNITY COLLEGES AND STATE UNIVERSITIES
COST SAVINGS POSSIBLE IF
PORTIONS STUDENTS PAID WERE INCREASED
(In millions. Constant dollars: 1976-base year)

Alternatives	1980-81	1985-86
STUDENTS PAY ONE HALF OF EXPENSES		
Savings to State		
Community Colleges	$ 86.9	$111.2
State Universities	55.6	61.3
TOTAL	$142.5	$172.5
Total general revenue needed for education	$1,715.3	$1,909.0
Percentage savings possible	8.3%	9.0%
STUDENTS PAY THREE FOURTHS OF EXPENSES		
Savings to State		
Community Colleges	$158.2	$202.2
State Universities	128.5	140.8
TOTAL	$286.7	$343.0
Total general revenue needed for education	$1,715.3	$1,909.0
Percentage savings possible	16.7%	17.9%

Comment: An obvious problem would be how to keep public higher education in Florida from becoming elitist. If federal scholarship programs are expanded, the problem would be less acute. Otherwise, additional state funding for student scholarships and loans would need to be subtracted from the savings. Even with such scholarship and loan assistance, however, if tuition were to be raised to these levels many capable individuals ineligible for assistance would likely find college education prohibitive.

APPENDIX A
FLORIDA PUBLIC EDUCATION
ANALYSIS OF PROJECTED ADDITIONAL EXPENDITURES NEEDED
1974-75, 1980-81, 1985-86
(Expenditures in millions. Constant dollars: 1976=100)

		Increase from 1974 to 1980	Increase from 1980 to 1985	Increase from 1974 to 1985
PUBLIC SCHOOLS				
Amount of increase needed from General Revenue		$149.9	$ 99.1	$249.6
Increase as % of increase in General Revenue expenditures for education		52%	51%	51%
Increase due to	Population growth	70%	82%	74%
	Expansion of programs	30	18	26
	More $ per student	*	0	*
COMMUNITY COLLEGES				
Amount of increase needed from General Revenue		$ 62.8	$ 56.7	$119.5
Increase as % of increase in General Revenue expenditures for education		22%	29%	25%
Increase due to	Population growth	47%	61%	48%
	Expansion of programs	40	28	38
	More $ per student	13	11	14
STATE UNIVERSITY SYSTEM				
Amount of increase needed from General Revenue		$ 72.5	$ 34.8	$107.3
Increase as % of increase in General Revenue expenditures for education		25%	18%	22%
Increase due to	Population growth	60%	100%	75%
	Expansion of programs	18	-*	8
	More $ per student	22	0	17
OTHER[1]				
Amount of increase needed from General Revenue		$ 4.6	$ 3.1	$ 7.7
Increase as % of increase in General Revenue expenditures for education		1.6%	1.6%	1.6%
Increase due to	Population growth	77%	100%	94%
	Expansion of programs	23	0	6
TOTAL				
Amount of increase needed from General Revenue		$289.8	$193.7	$483.5
Increase as % of increase in General Revenue expenditures for education		100%	100%	100%
Increase due to	Population growth	64%	79%	68%
	Expansion of programs	29	18	25
	More $ per student	7	3	7

[1]Includes Florida School for the Deaf and Blind, the Department of Education, and other state education services.

*Less than one percent.

APPENDIX B
DISTRICT SCHOOL PROGRAMS
ANALYSIS OF PROJECTED ADDITIONAL EXPENDITURES NEEDED
1974-75, 1980-81, 1985-86
(Expenditures in millions. Constant dollars: 1976-100)

		Increase from 1974 to 1980	Increase from 1980 to 1985	Increase from 1974 to 1985
K-12 BASIC				
Total amount of increase needed[1]		$116.6	$112.3	$228.9
Increase as % of increase needed for District Schools		44%	63%	52%
Increase due to	Population growth	100%	96%	100%
	Expansion of program	0	5	0
	More $ per student	0	0	0
EXCEPTIONAL STUDENT				
Total amount of increase needed		$ 65.9	$ 16.2	$ 82.1
Increase as % of increase needed for District Schools		25%	9%	19%
Increase due to	Population growth	36%	80%	41%
	Expansion of program	64	20	59
	More $ per student	0	0	0
VOCATIONAL				
Total amount of increase needed		$ 65.9	$ 40.6	$105.4
Increase as % of increase needed for District Schools		25%	23%	24%
Increase due to	Population growth	58%	47%	52%
	Expansion of program	42	53	48
	More $ per student	0	0	0
ADULT EDUCATION				
Total amount of increase needed		$ 14.8	$ 9.0	$ 23.9
Increase as % of increase needed for District Schools		6%	5%	5%
Increase due to	Population growth	34%	69%	40%
	Expansion of program	65	31	58
	More $ per student	1	0	1
TOTAL				
Total amount of increase needed		$263.3	$178.2	$440.3
Increase as % of increase needed for District Schools		100%	100%	100%
Increase due to	Population growth	70%	82%	74%
	Expansion of program	30	18	
	More $ per student	*	0	*

[1]All expenditures included in this figure are for total expenditures from all sources, not just those from General Revenue.
*Less than one percent.

APPENDIX C

COMMUNITY COLLEGE PROGRAMS
ANALYSIS OF PROJECTED ADDITIONAL EXPENDITURES NEEDED
1974-75, 1980-81, 1985-86
(Expenditures in millions. Constant dollars: 1976=100)

		Increase from 1974 to 1980	Increase from 1980 to 1985	Increase from 1974 to 1985
UNIVERSITY PARALLEL				
Total amount of increase needed[1]		$ 51.1	$ 53.9	$105.0
Increase as % of increase needed for Community Colleges		58%	68%	63%
Increase due to	Population growth	51%	49%	43%
	Expansion of program	34	35	36
	More $ per student	21	16	21
OCCUPATIONAL				
Total amount of increase needed		$ 29.3	$ 18.4	$ 47.7
Increase as % of increase needed for Community Colleges		33%	23%	29%
Increase due to	Population growth	48%	84%	56%
	Expansion of program	52	16	44
	More $ per student	0	0	0
DEVELOPMENTAL				
Total amount of increase needed		$ 6.7	$ 5.5	$ 12.2
Increase as % of increase needed for Community Colleges		8%	7%	7%
Increase due to	Population growth	43%	100%	46%
	Expansion of program	38	0	41
	More $ per student	18	0	13
CITIZENSHIP				
Total amount of increase needed		$ .7	$ 1.4	$ 2.1
Increase as % of increase needed for Community Colleges		1%	2%	1%
Increase due to	Population growth	106%	60%	83%
	Expansion of programs	4	36	26%
	More $ per student[2]	-10%	4	-9%
TOTAL				
Total amount of increase needed		$ 87.8	$ 79.2	$167.0
Increase as % of increase needed for Community Colleges		100%	100%	100%
Increase due to	Population growth	47%	61%	48%
	Expansion of program	40	28	38
	More $ per student	13	11	14

[1]All figures included in this table are for total expenditures from all sources, not just those from General Revenue.

[2]The projected expenditures per student for 1980 are less than those for 1974; therefore, this line shows a negative percentage.

APPENDIX D
STATE UNIVERSITY SYSTEM
ANALYSIS OF PROJECTED ADDITIONAL EXPENDITURES NEEDED
1974-75, 1980-81, 1985-86
(Expenditures in millions. Constant dollars: 1976-100)

	Increase from 1974 to 1980	Increase from 1980 to 1985	Increase from 1974 to 1985
BOR ADMINISTERED FUNDS			
Amount of increase needed from General Revenue	$ 2.0	$ 1.2	$ 3.1
Increase as % of increase in General Revenue expenditures for State University System	3%	3%	3%
RESEARCH/SERVICE			
Amount of increase needed from General Revenue	$ 19.2	$ 14.7	$ 33.9
Increase as % of increase in General Revenue expenditures for State University System	26%	42%	32%
INSTRUCTION			
Amount of increase needed from General Revenue	$ 51.3	$ 19.0	$ 70.3
Increase as % of increase in General Revenue expenditures for State University System	71%	54%	66%
TOTAL			
Amount of increase needed from General Revenue	$ 72.5	$ 34.9	$107.3
Increase as % of increase in General Revenue expenditures for State University System	100%	100%	100%

APPENDIX E
STATE UNIVERSITY SYSTEM
INSTRUCTIONAL PROGRAMS
1974-75, 1980-81, 1985-86
(Expenditures in millions. Constant dollars: 1976=100)

		Increase from 1974 to 1980	Increase from 1980 to 1985	Increase from 1974 to 1985
LOWER LEVEL UNDERGRADUATE				
Amount of increase needed from General Revenue		$ 7.8	0	$ 7.8
Increase as % of increase in General Revenue expenditures for State University System		11%	0	7%
Increase due to	Population growth	53%	0	67%
	Expansion of program	12	0	0
	More $ per student	35	0	33
UPPER LEVEL UNDERGRADUATE				
Amount of increase needed from General Revenue		$ 31.6	$ 11.6	$ 43.2
Increase as % of increase in General Revenue expenditures for State University System		44%	33%	40%
Increase due to	Population growth	42%	100%	61%
	Expansion of program	31	0	16
	More $ per student	27	0	23
GRADUATE				
Amount of increase needed from General Revenue		$ 4.8	$ 6.1	$ 10.9
Increase as % of increase in General Revenue expenditures for State University System		7%	17%	10%
Increase due to	Population growth	56%	100%	69%
	Expansion of program	0	0	0
	More $ per student	44	0	31
PROFESSIONAL UNITS[1]				
Amount of increase needed from General Revenue		$ 7.0	$ 1.5	$ 8.5
Increase as % of increase in General Revenue expenditures for State University System		10%	5%	8%
Increase due to	Population growth	26%	100%	41%
	Expansion of program	48	0	32
	More $ per student	26	19	27
ALL INSTRUCTION				
Amount of increase needed from General Revenue		$ 51.3	$ 19.0	$ 70.3
Increase as % of increase in General Revenue expenditures for State University System		71%	54%	66%
Increase due to	Population growth	44%	100%	61%
	Expansion of program	25	0	13
	More $ per student	31	0	26

[1]Refers to health, medical, and agricultural units.